

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	NO. 4:12CR166
	§	Judge Crone
HENRY D. HARRISON (2)	§	

**FACTUAL STATEMENT**

Defendant **Henry D. Harrison** stipulates and agrees that the following facts are true and correct:

1. The conduct at issue in this case occurred in the Eastern District of Texas and elsewhere.
2. Provident Royalties, LLC (“Provident”) was a Delaware limited liability company with its principal office in Dallas, Texas, and was in the business of acquiring a combination of producing and non-producing sub-surface mineral interests, working interests, and production payments in real property located in the United States.
3. **Harrison** is a founder and control person of Provident.
4. Between January 1, 2009, and February 3, 2009, in the Eastern District of Texas, **Harrison** conspired with other individuals to obtain money from investors by making materially false representations, and executed the scheme by causing materials to be sent by the United States Postal Service and by private and commercial interstate carriers.

5. Specifically, Provident representatives solicited investments for the purchase of oil and gas assets using Private Placement Memoranda (PPM) offerings to raise capital for each specific project.

6. Provident, through **Harrison** and others, knowingly and intentionally created materials, specifically in projects known as Shale Royalties 20, Inc.; Shale Royalties 21, Inc.; and Shale Royalties 22, Inc., that contained materially false representations regarding Provident's acquisitions and operations of its oil and gas investments. These materials, along with specific representations by Provident representatives, were intended to induce individuals to rely upon them and invest in the Provident projects. Among the materially false representations were the following:

- a. That 86 percent of each investor's investment would be used to purchase oil and gas assets only for the specific PPM project for which the investor provided funds; and
- b. That the proceeds raised by one PPM project would not be used to pay dividends for any other PPM project.

7. Provident, through **Harrison** and others, sent the PPMs to investors in the Eastern District of Texas and elsewhere by United States mail or commercial interstate carrier.

8. Based on the false material representations and omissions of material fact made by Provident, approximately 23 investors provided \$2.3 million in investment funds to Provident.

9. In the Eastern District of Texas and elsewhere and in execution of the conspiracy, **Harrison** and others caused the following overt acts to occur:

- a. PPMs for Shale Royalties 20, Inc., Shale Royalties 21, Inc.; and Shale Royalties 22, Inc., that contained false material representations, were sent

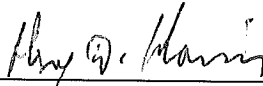
to prospective investors in the Eastern District of Texas soliciting their investments.

- b. On or about January 5, 2009, an individual known as BLH provided \$50,000 for an investment in Shale Royalties 20, Inc.
- c. On or about January 13, 2009, an individual known as KAB provided \$50,000 for an investment in Shale Royalties 20, Inc.
- d. On or about January 20, 2009, an individual known as BMR provided \$50,000 for an investment in Shale Royalties 20, Inc.

**SIGNATURE AND ACKNOWLEDGMENT BY THE DEFENDANT**

I have read this Factual Statement and have discussed it with my attorney. I fully understand the contents of this Factual Statement and agree without reservation that it accurately describes my acts.

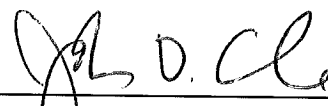
Dated: 2-12-13

  
HENRY D. HARRISON  
Defendant

**SIGNATURE AND ACKNOWLEDGMENT BY ATTORNEY FOR THE DEFENDANT**

I have read this Factual Statement and the Information and have reviewed them with my client. Based upon my discussions with my client, I am satisfied that my client fully understands the Factual Statement.

Dated: 2-12-13

  
JOHN D. CLINE  
Attorney for Defendant